MOSES KOTANE LOCAL MUNICIPALITY

TARIFFS BY-LAW

Original Council Approval		Amended
Date of Council Approval	30 June 2020	
Resolution Number	Item 214/06/2020	
Effective Date	1 July 2020	

This By-Law is made in terms of Section 75 of the Local Government: Municipal Systems Act, Act No. 32 of 2000, to give effect to the implementation and enforcement of its tariff policy and the following are hereby enacted:

1. PURPOSE AND APPLICATION OF THIS BY-LAW

The purpose of this By-Law is to give effect to the requirements of Section 74(1) of the Municipal Systems Act (MSA) regarding the tariffs, fees and charges by the Moses Kotane Local Municipality and shall apply to all tariff structures to be enumerated on and published Schedule “A”, “Determination of Tariffs” a Schedule to be approved together with this By-Law on an annual basis, in order to render the municipal services needed by its community.

2. EMPOWERMENT TO LEVY AND RECOVER FEES, CHARGES AND TARIFFS

2.1 The Municipality is empowered in terms of Section 75A (Municipal Systems Act) to –

2.1.1 Levy and recover fees, charges and tariffs in respect of any function or service it may render; and

2.1.2 Recover collection charges and interest on any outstanding amounts.

2.2 The Municipality may provide the services to consumers/users at fees set out in the attached schedule of fees, determined by the Municipality.

2.3 Services provided by the Municipality must be paid for by the consumer/user at the prescribed fees for the particular category of services provided.

3. CORE ELEMENTS OR PRINCIPLES

3.1 In terms of Section 74(2) of the MSA the Municipality must ensure that:

3.1.1 the consumers/users of municipal services are treated equitably in the application of tariffs

3.1.2 the amount individual consumer/users pay for services are generally in proportion to their use of that service;

3.1.3 poor households have access to at least basic services through

(i) Tariffs that cover only operating and maintenance costs,

(ii) Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or

(iii) Any other direct or indirect method of subsidization of tariffs for poor households;

3.1.4 Tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;

3.1.5 Tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;

3.1.6 Provision may be made in appropriate circumstances for a surcharge on the tariff for a service;

3.1.7 Provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users

3.1.8 The economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;

3.1.9 The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

3.2 In terms of Section 74 (3) of the MSA, the Municipality may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

3.3 Once the Municipality has approved a tariff policy, it must adopt a by-law to give effect to the implementation and enforcement of its tariff policy.

4. ACCESS TO SERVICES AND REQUIREMENTS TO BE TAKEN INTO ACCOUNT IN DETERMINING TARIFFS

4.1 Basic Municipal Services

4.1.1 The municipality must heed its first and foremost duty to ensure that all residents and communities within its boundaries have basic municipal services as required by the Constitution of the RSA.

4.1.2 In order to acquit itself of the task set in 3.1, the municipality should utilize its resources as effectively, efficiently and economically as possible to create a financially sustainable capacity within which to operate and therefore regular reviews and analysis of this aspect must be done by all the municipal departments and the necessary adjustments or revisions done timeously to prevent financial risk or incapacity.

4.2 Municipal Services to be financially sustainable

4.2.1 The MSA requires that a municipality must render its services in a *financially sustainable* manner. In order to do this, municipal services are to be provided in a manner that is likely to ensure that revenue from that service is sufficient to cover the cost of –

4.2.1.1 The initial capital expenditure required for the service;

4.2.1.2 operating the service; and

4.2.1.3 Maintaining, repairing and replacing the physical assets used in the performance of the service;

4.2.1.4 Is likely to ensure a reasonable surplus in the case of a service performed by the Municipality itself; or a reasonable profit, in the case of a service performed by a service provider, other than the Municipality itself;

4.2.1.5 Is likely to enable the Municipality or other service provider to obtain sufficient capital requirements for the performance of the service; and

4.2.1.5 Takes account of the current and anticipated future:

4.2.1.5.1 Level and quality of that service;

4.2.1.5.2 Demand for the service; and

4.2.1.5.3 Ability and willingness of residents to pay for the service.

4.2.2 However, regard must be had in respect of the municipality's indigent households that should have access to at least the basic services through –

4.2.2.1 Tariffs that cover only operating and maintenance costs;

4.2.2.2 Special tariffs or life line tariffs for low level use or consumption of services or for basic levels of service; or

4.2.2.3 Any other direct or indirect method of subsidization of tariffs for poor households; and

4.2.2.4 Adherence to the municipality's indigent support scheme.

4.2.3 When determining tariffs the municipality must ensure that users of municipal services are treated equitably in the application of tariffs and that the amount payable by them are generally in proportion to their use of that service.

4.2.4 Notwithstanding severe financial constraints, a municipality should, as far as possible, take the affordability of the service to its various categories of users into account.

4.2.5 Before introducing a tariff for any municipal service, or when the tariffs are reviewed annually, the tariffs of surrounding municipalities (especially those of

similar size) should be obtained and analysed to retain a degree of competitiveness and affordability amongst municipalities.

4.2.6 Where a municipal service is provided by an external service provider, the municipality must ensure that any agreement for the provision of such a service shall contain a clause entitling it to control the setting and adjustment of tariffs to be charged by such a service provider for the rendering of that particular service so that the municipality does not suffer a loss in the service provided.

5. EXCEPTIONAL ARRANGEMENTS IN DETERMINING TARIFFS

5.1 Discount for timeous payment of municipal accounts

Should the Municipality decide to give discount to users of municipal services for timeous payment of their accounts, provision for this circumstance must be made in the annual revenue budget.

5.2 Exemption from payment of interest on arrear accounts

Similarly, if the Municipality should decide to exempt a user who is in arrears with his/her account and who successfully negotiates an agreement to repay such arrears in accordance with the municipality's Credit Control and Debt Collection Policy, from payment of any further interest, allowance for such instances must be made in the annual revenue budget.

5.3 Commercial, Industrial and Business Users

While the general principle in determining tariffs is usually that users in the commercial, industrial and business sectors pay a higher rate in tariffs, the Municipality may decide, in the interest of obtaining further economic development within its boundaries, to determine special tariffs and rates in respect of certain services for certain categories of commercial, industrial or business users.

5.4 Municipal Services in Special Circumstances

In circumstances where the installation of monitoring systems of municipal services are exorbitant due to geographical, geological or soil conditions existing within certain areas, the Municipality may decide to render such services at a higher tariff to cover the costs connected therewith.

5.5 Annexure

Schedule "A" – "Determination of Tariffs"